

**STATE WATER RESOURCES CONTROL BOARD
BOARD MEETING SESSION – DIVISION OF FINANCIAL ASSISTANCE
FEBRUARY 5, 2019**

ITEM 4

SUBJECT

CONSIDERATION OF A RESOLUTION TO AMEND THE POLICY FOR IMPLEMENTING THE DRINKING WATER STATE REVOLVING FUND (DWSRF)

DISCUSSION

The *Policy for Implementing the Drinking Water State Revolving Fund (DWSRF Policy)* was written to implement the federal Safe Drinking Water Act's DWSRF Program in California. The DWSRF Policy sets forth the requirements to obtain DWSRF and complementary financing.

On July 1, 2014, responsibility for management of the DWSRF Program was transferred from the Department of Public Health to the State Water Resources Control Board (State Water Board), and the State Water Board adopted the DWSRF Policy on October 21, 2014. The DWSRF Policy has not been amended since its initial adoption. Any changes or adjustments to the operation of the Program by the State Water Board have been done through the annual Intended Use Plans (IUP).

The proposed changes to the DWSRF Policy (1) reinforce several changes already approved by the State Water Board in past IUPs, (2) align certain administrative policies to match the Clean Water State Revolving Fund Policy, (3) update financing terms, and (4) streamline the credit evaluation process. Other changes include clarifying edits and revising definitions and terms to ensure the DWSRF Policy is up to date with current laws, regulations, policies, and procedures.

The Division provided stakeholders and interested parties an opportunity to comment on the draft DWSRF Policy Amendment; comments were accepted from November 26, 2018, to noon, December 21, 2018. Five comment letters were submitted by the deadline. Division staff have reviewed the comment letters and made changes to the proposed Policy Amendment where appropriate.

Three exhibits have been prepared by the Division to explain the proposed DWSRF Policy Amendment: Exhibit A, Exhibit B, and Exhibit C.

Exhibit A is a strikeout/underline version showing the proposed changes to the DWSRF Policy relative to the existing Policy. It uses the following color-coding system (Microsoft Word's Track Changes tool) to indicate original text, deletions, and new text to the existing Policy:

Original Text (no change): Black;
Deleted Text: Red with strike-through text; and
New Text: Red and underlined

Exhibit B is a clean version of the proposed amended Policy showing how the Policy would read if all of the Division's proposed changes were approved by the State Water Board.

Exhibit C is a listing of the significant proposed changes to the Policy, and is provided as an index for the proposed changes shown in Exhibit A.

POLICY ISSUE

Should the State Water Board adopt the proposed DWSRF Policy Amendment to guide implementation of the DWSRF Program?

FISCAL IMPACT

The changes to the DWSRF Policy will assist the Division in maintaining sustainable finances in the DWSRF Program. There will be minor fiscal impacts associated with the implementation of the proposed Amendment, which will be absorbed in the administrative cost of the program.

REGIONAL BOARD IMPACT

None.

STAFF RECOMMENDATION

The State Water Board should adopt the proposed DWSRF Policy Amendment to guide implementation of the DWSRF Program.

State Water Board action on this item will assist the State Water Board in achieving the policy set forth in section 106.3 of the Water Code. Specifically, subdivision (a) of that section declares it is the established policy of the State that “every human being has the right to safe, clean, affordable, and accessible water adequate for human consumption, cooking, and sanitary purposes.”

State Water Board action on this item will assist the Water Boards in reaching Goal 4, 5 and 6 of the Strategic Plan Update: 2008-2012 to (4) Comprehensively address water quality protection and restoration, and the relationship between water supply and water quality, and describe the connections between water quality, water quantity, and climate change throughout California's water planning process; (5) Improve transparency and accountability by ensuring that Water Board goals and actions are clear and accessible, by demonstrating and explaining results achieved with respect to the goals and resources available, by enhancing and improving accessibility of data and information, and by encouraging the creation of organizations or cooperative agreements that advance this goal, such as establishment of a statewide water data institute; and (6) Enhance consistency across the Water Boards, on an ongoing basis, to ensure our processes are effective, efficient, and predictable, and to promote fair and equitable application of laws, regulations, policies, and procedures.